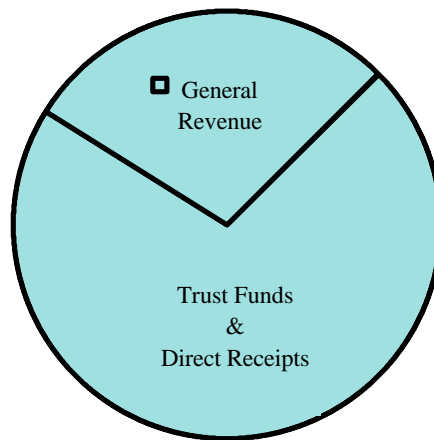


## Section 4: Financial Resources

### Where DOT's Money Comes From

DOT's budget is supported primarily by two types of revenue sources: (1) trust funds and direct receipts and (2) general revenue funds. Trust funds derive revenue from special fees, such as motor fuel taxes and airline ticket taxes. More than two-thirds of the Department's funding is derived from trust funds and other fees. The two largest trust funds, the Highway Trust Fund and the Airport and Airways Trust Fund, account for most of DOT's funding and support the Department's programs for maintaining and improving transportation infrastructure. General revenue funds are obtained from the general taxes of the United States.

### FY 1997 DOT Budget



### Key Legislation

#### Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA)

Six years ago, ISTEA implemented an integrated approach to transportation planning and programming looking at the different forms of transportation as part of an interconnected network.

**DOT wants to use Federal transportation funds more effectively via innovative financing mechanisms that would stretch those funds, supplementing them with public and private investments to ensure the transportation infrastructure needs of the 21st century are met.**

ISTEA streamlined federal administrative processes and revamped planning procedures. This has furthered states' abilities to transfer funds among programs and transportation modes and to set priorities based on what would best meet the needs of their

## Section 4: Financial Resources

communities rather than what kind of funding might be available. ISTEA provided the increased overall federal transportation funding that these new priorities and new ways of doing business required.

### **National Economic Crossroads Transportation Efficiency Act of 1997 (NEXTEA)**

NEXTEA, the proposed reauthorization of ISTEA, is designed to achieve three goals. First, continue making safety DOT's number-one priority. Second, invest in infrastructure to ensure the transportation system meets the needs and desires of the American people in the 21st century. Third, use a common-sense approach to running DOT so that it works better and costs less. NEXTEA does this by continuing the Federal programs which are working under ISTEA, refining those which have not yet fully realized their promise, and creating new initiatives.

NEXTEA would authorize increased overall federal surface transportation funding 11 percent above ISTEA funding of \$157 billion to \$175 billion for FYs 1998-2003. It eliminates certain categories of spending and provides a 30 percent increase in core highway programs and a 17 percent increase for transit major capital investments. NEXTEA would authorize direct capital and operating assistance of \$4.8 billion for FYs 1998-2003 to AMTRAK, including improvements to the Northeast Corridor, and increases states' ability to use transit funds for intercity services.

NEXTEA would authorize research funding for next-generation high-speed rail technologies and sustain the

commitment to Intelligent Transportation Systems which apply advanced information and communications technologies to transportation systems such as collision avoidance systems.

NEXTEA would increase highway safety funding authorizations by more than 25 percent and would continue DOT's commitment to protecting the environment. NEXTEA would expand the Innovative Financing Program and dedicate \$600 million to an Infrastructure Credit Program to help leverage non-Federal resources for projects of national significance which individual states cannot afford, such as interstate trade corridors. NEXTEA would also make the planning process simpler and streamline the Federal oversight process.

In summary, NEXTEA would sustain ISTEA principles, streamline its requirements, increase its flexibility, and raise its funding levels.

### **Stretching the Taxpayers' Dollar**



Providing adequate resources and sufficient flexibility to maintain and improve our Nation's highways, bridges, and transit systems in an era of national deficit reduction requires more than Federal funds alone. To meet this challenge, the Department continues to build on the opportunities provided by ISTEA by using innovative financing techniques that cut red tape, move projects ahead faster and help supplement Federal funds with private and non-Federal public sector investment in transportation projects. The

## Section 4: Financial Resources

President's Partnership for Transportation Investment Program and the State Infrastructure Bank Program are prime examples of using Federal transportation funds more effectively. They are examples of common sense government--stretch the taxpayers money and make it work better for the public good.

### Partnership for Transportation Investment (PTI)

PTI moved beyond the use of one method of funding public infrastructure (grant reimbursement) to multiple strategies such as adding private dollars to, or substituting for, state matching funds, and leveraged leasing instead of purchasing. PTI allows a state's cost for bond principal, interest and other bond issuance expenses to be eligible for reimbursement with Federal funds. It also allows phased funding which enables States to begin projects right away instead of waiting until they accumulate the entire Federal share of a project's cost before they begin construction. PTI accelerated 74 projects worth \$4.5 billion, including \$1.2 billion in investment beyond that available through conventional financing. Projects are advancing an average of two years ahead of schedule, saving interest and inflation costs.

### State Infrastructure Banks (SIBs)

SIBs are pools of money that can be used to finance infrastructure projects such as development and improvement of roads, bridges and mass transit systems. They begin with an infusion of federal funds and a matching non-Federal contribution. The funds can be used to provide low interest loans or to enhance credit and improve the affordability of loans from

other sources. When projects are completed, funds are paid back into the SIB through revenues generated by the project. This enables the SIB to then fund another generation of projects.

The Department originally approved 10 states to participate in the SIBs pilot program. As of June 1, 1997, these states already had designated \$80 million of their Federal transportation funds and raised over \$42 million in matching funds for capitalization of their banks. With Congress's approval to expand the program, 29 additional states were approved to participate on June 19, 1997. The Department expects that by the end of fiscal year 1998, the first ten pilot SIBs will have designated \$324 million of their regular Federal transportation grants to support up to \$1.6 billion in projects, a ratio of nearly \$5 in investment for every Federal dollar committed to the SIB. This level of investment could create up to 60,000 new jobs.

### **FAA User Fees**

The Federal Aviation Reauthorization Act of 1996 established the authority for the FAA to charge user fees for flights that neither land nor take off from the United States. These services used to be free to the ultimate user with the costs absorbed by revenue collected from the airline ticket tax and appropriated funds. Annual collections from these overflight fees are estimated to be \$93 million. An interim final rule was published on March 20, 1997, making overflight fees effective on May 19, 1997. As a result of the combined effort of staff from air traffic, policy and finance, an automated system was developed and implemented to bill and collect overflight fees for the

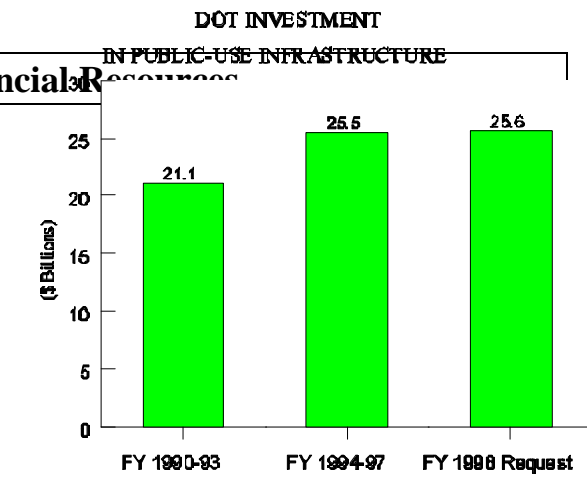
## Section 4: Financial Resources

approximately 220,000 overflights annually. This involves collecting and editing detail air traffic and flight plan data to determine the amount of the charge, identifying the aircraft operator, issuing a bill to the address of record, and processing electronic and manual collections. The first bill, covering the period May 19 through June 30 was sent out in July with payment due 30 days later. Collections are currently underway.

In FY 1998, FAA anticipates collecting \$84 million in overflight charges. The first \$50 million of this amount will fund the Essential Air Service program and the remainder will be applied to funding FAA operations

### Where DOT's Money Goes

Federal funding for transportation infrastructure is the largest component of DOT's budget. It focuses on improving the movement of America's people and freight. Federally supported infrastructure includes highways, transit rail and bus systems, intercity passenger rail service, airports and bridges. The average annual Federal investment in transportation infrastructure increased by 21 percent in the last four years.



## Section 4: Financial Resources

The following charts display DOT fund usage and planned usage for major DOT operating administrations and their program areas:

### Federal Aviation Administration (\$ in millions)

Program	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Operations	\$4,643	\$4,880	\$5,036
User Fees	0	75	350
Facilities & Equipment	1,918	1,938	1,875
Research, Engineering & Development	186	208	200
Grants-in-Aid Ob Lim.	1,450	1,460	1,000
<b>TOTAL</b>	<b>\$8,197</b>	<b>\$8,563</b>	<b>\$8,461</b>

### U.S. Coast Guard (\$ in millions)

Program	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Operating Expenses	\$2,576	\$2,618	\$2,740
Acquisition, Construction & Improvement	362	375	370
Research	18	19	19
Retired Pay	580	612	646
Reserve Training	62	66	65
Environmental Compliance & Restoration	21	22	21
Other	51	56	0
<b>TOTAL</b>	<b>\$3,670</b>	<b>\$3,768</b>	<b>\$3,861</b>

### Federal Highway Administration (\$ in millions)

Program	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Federal-aid Highways Ob Lim.	\$17,708	\$18,192	\$18,170
Mandatory Federal-Aid Highways	1,708	1,830	1,510
Motor Carrier Safety Grants Ob Lim.	77	78	100
State Infrastructure Banks	-	150	150
Transportation Infrastructure Credit Program	-	-	100
Other /1	311	400	0
<b>TOTAL</b>	<b>\$19,804</b>	<b>\$20,650</b>	<b>\$20,030</b>

/1 Includes FY 1997 supplemental request of \$318 million.

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### Office of the Secretary (\$ in millions)

Program	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Salaries & Expenses	\$54	\$52	\$56
Transportation Planning, Research & Development	8	3	6
Rent	135	127	11 <sup>1</sup>
Civil Rights/Minority Business	10	10	10
Essential Air Service/Rural Airports	23	26	50
<b>TOTAL</b>	<b>\$230</b>	<b>\$218</b>	<b>\$133</b>

<sup>1</sup> For FY 1998, the consolidated DOT rent account will terminate and funding for GSA-controlled space would be returned to respective OAs budgets.

### Research and Special Programs Administration (\$ in millions)

Program	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Research & Special Programs	\$24	\$30	\$30
Emergency Preparedness Grants	7	7	7
Pipeline Safety	31	32	33
<b>TOTAL</b>	<b>\$62</b>	<b>\$68</b>	<b>\$70</b>

### Maritime Administration (\$ in millions)

Program	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Operations & Training	\$70	\$65	\$70
Maritime Security	46	54	54
Title XI Guaranteed Loans	40	41	39
<b>TOTAL</b>	<b>\$156</b>	<b>\$160</b>	<b>\$163</b>

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### Federal Railroad Administration (\$ in millions)

Program	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Amtrak Operating	\$305	\$364	\$344
Amtrak Capital/ NECIP	445	478	423
Railroad Safety	50	51	57
High-Speed Rail	24	25	20
Research & Development	24	20	22
Office of the Administrator	14	17	21
Other	11	76	10
<b>TOTAL</b>	<b>872</b>	<b>1,031</b>	<b>896</b>

### Federal Transit Administration (\$ in millions)

Program	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Formula Programs	2,052	2,149	3,310
Access to Jobs and Training			100
Discretionary Fixed Guideway Modernization	\$666	\$760	
Discretionary Bus	333	380	
New Starts/ Major Capital Investments	666	760	634
Washington Metro	200	200	200
Other	133	134	139
<b>TOTAL</b>	<b>\$4,049</b>	<b>\$4,382</b>	<b>\$4,382</b>